

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Manistee Township	County Manistee
Fiscal Year End March 31, 2006	Opinion Date September 14, 2006	Date Audit Report Submitted to State September 26, 2006	

We affirm that

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

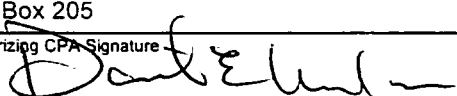
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Wilson, Ward CPA Firm		Telephone Number 231-276-7668	
Street Address PO Box 205		City Interlochen	State MI
		Zip 49643	
Authorizing CPA Signature 		Printed Name David E Wilson	License Number 1101013379

MANISTEE TOWNSHIP  
MANISTEE , MICHIGAN

Audit Report

For Year Ended  
March 31, 2006

Wilson, Ward CPA Firm  
PO Box 205  
Interlochen, MI 49643  
(231) 276-7668

September 14, 2006

Mr. John W Anderson  
Supervisor  
Manistee Township  
Manistee, MI 49660

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Manistee Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Manistee Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Manistee Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

### Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Manistee Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

COMMENT: With each passing year the improvements in the mechanized accounting system continue. The increase in efficiency and information dissemination was very apparent.

COMMENT: The Treasurers office, once again, has excellent records, with information clearly shown and readily available. In the test of controls, all internal controls are being used wisely with double checks on all amounts, distributions and deposits.

We appreciate the opportunity to participate in your annual audit. Thank you for the outstanding support. This information is intended solely for the use of the Manistee Township Board and management of Manistee Township and is not intended to be and should not be used by anyone other than those specific parties.

Sincerely,

A handwritten signature in black ink that reads "Wilson, Ward CPA Firm". The signature is written in a cursive, flowing style.

Wilson, Ward CPA Firm

MANISTEE TOWNSHIP  
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## INTRODUCTORY SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Manistee Township Board  
Manistee, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Manistee Township, Manistee County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Manistee Township's basic financial statements and have issued our report thereon dated September 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Manistee Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Manistee Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Manistee Township in a separate letter dated September 14, 2006.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson, Ward CPA Firm*

Interlochen, MI  
September 14, 2006

## FINANCIAL SECTION



**INDEPENDENT AUDITOR'S REPORT**

To the Township Board  
Manistee Township  
Manistee, MI

We have audited the accompanying financial statements of the governmental activities, and the aggregate fund information of Manistee Township as of and for the year ended March 31, 2006 as listed in the table of contents. These general purpose financial statements are the responsibility of Manistee Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures of the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manistee Township, as of March 31, 2006 and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Manistee Township's basic financial statements. The accompanying required supplemental information, as identified in the table of contents, are not a required part of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board. The required supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2006 on our consideration of Manistee Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Interlochen MI  
September 14, 2006

Management's Discussion and Analysis  
Year Ended March 31, 2006

MANISTEE TOWNSHIP

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 4.0% from a year ago - increasing from \$1,984,073 to \$2,063,992. While there was a significant increase in real Capital Assets there was a commensurate loss due to the change in accounting policy of recording only assets valued at greater than \$5,000 and the inclusion of depreciation. The schedules reflecting this year's status are found on page 7.

General Government expenses were approximately \$69,840 below the budgeted amount during the year. This was anticipated given the known road construction cost decrease. This was a substantial reduction from the initial budget.

The Township's Funds

Our analysis of the Townships' major funds begins on page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Townships' governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the Township Board.

General Fund Budgetary Highlights

Township departments overall stayed within budget, resulting in total expenditures being \$69,840 below budget.

## Management's Discussion and Analysis

### Year Ended March 31, 2006

#### Capital Asset and Debt Administration

As of March 31, 2006, the Township had \$558,079 invested in a broad range of capital assets, including buildings and fire equipment. In addition, the Township has invested significantly in major and local roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

#### Economic Factors and Next Year's Budgets and Rates

The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation before considering new property additions.

#### Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at (231) 723-6507.

MANISTEE TOWNSHIP  
STATEMENT OF NET ASSETS  
As Of March 31, 2006

	<u>Total</u>	
<u>Assets</u>		
Cash & Investments	\$1,768,559	
Accounts Receivable Taxes	0	
Accrued Interest Receivable	0	
Prepaid Insurance	12,735	
Due from Other Funds	<u>0</u>	
Total Current Assets		1,781,294
Net Fixed Assets		<u>282,698</u>
Total Assets		<u><u>2,063,992</u></u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts Payable	\$7,722	
Retirement Payable	1,917	
Deferred Taxes	693	
Due to T&A Fund	<u>0</u>	
Total Liabilities		10,332
Fund Equity		
Don Worm Memorial	990	
Fund Balance	<u>2,052,670</u>	
Total Fund Equity		<u>2,053,660</u>
Total Liabilities and Fund Equity		<u><u>\$2,063,992</u></u>

**MANISTEE TOWNSHIP**  
Statement of Activities  
For Year Ended March 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary government				
Governmental activities:				
Legislative	\$84,963		\$0	(\$84,963)
General Government	113,087			(113,087)
Public Safety	120,673			(120,673)
Public Works	205,606	5,668		(199,938)
Liquor	1,020			(1,020)
Depreciation	19,086			(19,086)
Total Governmental Activities	544,435	5,668	0	538,767
General Revenues:				
Taxes				
		Property Taxes-general		193,633
		Rental Income		5,668
		Licenses		8,937
		State-Shared Revenues		200,868
		Other Revenue		19,949
		Unrestricted Investment Earnings		91,914
Special Items				60,000
Transfers				
Total General Revenue-Special Items and Transfers				580,969
Changes in Net Assets				42,202
Net Assets - Beginning				1,984,073
Net Assets - Ending				\$2,026,275

The footnotes are an integral part of these Financial Statements

MANISTEE TOWNSHIP  
Balance Sheet  
ALL GOVERNMENTAL FUNDS  
As Of March 31, 2006

	General Fund	Non Major Funds	Total
<u>Assets</u>			
Cash & Investments	\$1,766,330	\$2,229	\$1,768,559
Accounts Receivable Taxes	0		0
Accrued Interest Receivable	0		0
Prepaid Insurance	12,735		12735
Due from Other Funds	0		0
Total Assets	<u>\$1,779,065</u>	<u>\$2,229</u>	<u>\$1,781,294</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	\$7,722		\$7,722
Retirement Payable	1,917		1917
Deferred Taxes	693		693
Due to T&A Fund	0		0
Total Liabilities	<u>10332</u>	<u>0</u>	<u>10332</u>
Fund Equity			0
Don Worm Memorial	990		990
Fund Balance	<u>1,767,743</u>	<u>2,229</u>	<u>1,769,972</u>
Total Fund Equity	<u>1,768,733</u>	<u>2,229</u>	<u>1,770,962</u>
Total Liabilities and Fund Equity	<u>\$1,779,065</u>	<u>\$2,229</u>	<u>\$1,781,294</u>
Fund Equity Per Governmental Balance Sheet	1,770,962		
Plus Fixed Assets	<u>255,313</u>		
Net Assets Per Statement of Net Assets	2,026,275		

**MANISTEE TOWNSHIP**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES & CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	General Fund	Non Major Funds	Total
<b>REVENUE</b>			
Taxes	\$193,633	\$0	\$193,633
Licenses	8,937	0	8,937
State Grants	199,588	1,280	200,868
Charges for Services	5,668	0	5,668
Interest & Rentals	97,582	0	97,582
Other Revenues	79,949	0	79,949
<b>TOTAL REVENUES</b>	<b>585,357</b>	<b>1,280</b>	<b>586,637</b>
<b>EXPENDITURES</b>			
Legislative	84,963	0	84,963
General Government	113,087	0	113,087
Public Safety	120,673	0	120,673
Public Works	205,606	0	205,606
Liquor	0	1,020	1,020
Legal Fees		0	0
<b>TOTAL EXPENDITURES</b>	<b>524,329</b>	<b>1,020</b>	<b>525,349</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURE</b>	<b>61,028</b>	<b>260</b>	<b>61,288</b>
<b>FUND EQUITY APRIL 1, 2005</b>	<b>1,707,705</b>	<b>0</b>	<b>1,707,705</b>
<b>PROIR PERIOD ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND EQUITY MARCH 31, 2006</b>	<b>\$1,768,733</b>	<b>\$260</b>	<b>\$1,768,993</b>
 Net Revenue Per Governmental Statement	 61,288		
Less Depreciation	<u>(19,086)</u>		
Net Revenue Per Statement of Activities	42,202		

# **Manistee Township**

## **Notes to Financial Statements**

March 31, 2006

### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

Manistee Township is a general law Township located in Manistee County. The governing body of the Township is the Township Board which is composed of the supervisor, the clerk, the treasurer and two trustees. The Township provides the approximately 3,000 residents with fire protection, road maintenance, trash removal, street lighting and other services.

The financial statements of the Township include those of separately administered organizations that are controlled by or dependent on the Township for financial support. Control or dependence is based on such items as budgetary control, taxing authority, appointment of controlling or governing boards, and other criteria as outlined in GASB Statement #14.

No other organizations or governmental entities are considered in this report using these definitions.

#### **B. Basis of Presentation**

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial statements of the Township are presented in a series of self balancing funds and account groups. The account groups include all fixed assets and all long term debt.

The accounting policies of Manistee Township conform to generally accepted accounting principles and include the following fund types

##### **1. Government Fund Types use modified accrual basis and include -**

The general funds account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The special revenue funds account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

##### **2. Fiduciary fund types include -**

The Trust and Agency Fund is unbudgeted and accounts for activities within those areas where in the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.



### C. Basis of Accounting

All governmental funds use the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those which are reasonable to accrue. These are recorded as receivable when measurable. Specific types of tax revenue are reported as deferred revenue which are expected to be collected within sixty days. Other delinquent revenue not expected to be recovered within 60 days are reported only in the footnotes. Expenditures are recorded when the liability is incurred, except for interest on long term debt which is recorded as payments are made with an adjustment to account for accrued interest at year end.

### D. GASB 34

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, as amended, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

### E. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### F. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by the current reporting standards of measurement focus. Thus all governmental funds are accounted for on a financial flow measurement basis. This means that only current assets and liabilities are presented on the Balance Sheets and operating statements measure increases and decreases in these net current assets. On the GASB 34 statements all assets and liabilities are presented in the Government Wide Statements

#### G. Budgets

All funds are under formal budgetary control. Budgets shown in the financial statements are prepared on a modified accrual basis and consist of those amounts which are controlling during the formal budget approval process as original and as amended by the Township Board. Line items contained within the original budget are appropriated and amended only on a activity departmental basis.

#### H. Fixed Assets

All fixed assets are recorded in the Balance Sheet of the Government Wide Statements. This includes all assets which are considered of value to the Township and do not include public domain assets such as roads, sidewalks and drains. The full accrual basis makes provision for the depreciation of these assets. These assets are valued at historical cost when purchased or Fair Market Value as of the date they have been donated to the Township. Depreciation is based on straight line depreciations with lives from 10 to 50 years.

#### I. Long Term Debt

The Township has no long term debt

#### J. Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 31. Real property taxes are collected by the Township Treasurer through February 28th of each year. Any uncollected real property taxes are returned to be collected by the County Treasurer. Personal property taxes continue to be collected by the Township Treasurer. The amount collected for this fiscal year are:

Administrative Fee	\$ 39,949
Township Tax	156,096

The State Equalized Value (SEV) and taxable values are:

	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
SEV	\$ 140,092,800	\$ 15,321,550	\$ 155,414,350
Tax. Value	\$ 83,004,234	\$ 15,321,550	\$ 98,309,251

The millage for the current year is:

Township Operating	1.4599	Admin Fee	1.000
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## NOTE 2 - BUDGET APPROPRIATIONS

Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Given the amendments actually approved there are no material budget variances. Information on budget categories has been included for information only. The budget appropriation is for department only and hence is the legal controlling amount.

## NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

### A. Legal Provisions

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, states that the Manistee Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
3. In commercial paper rate at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
4. In United States government or federal agency obligation repurchase agreements.
5. In bankers' acceptances of United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

## NOTE 4 - TYPES OF DEPOSITS AND INVESTMENTS

The Township had \$1,187,17 in certificates of deposit with local banks, of which \$100,000 is insured. This would leave balances of cash as follows:

Deposits	<u>Per Bank</u>	<u>Carrying Value</u>
Uninsured & Uncollateralized-General	\$ 470,875	\$ 477,287
Insured and Uncollateralized-General	100,000	100,000

In addition, the Township has \$100 in petty cash.

## NOTE 5 - PROPERTY TAXES

As of March 31, 2006, no property taxes were delinquent.

## NOTE 6 - INTERFUND ACCOUNTS

There were no inter-fund loans or advances during the audit year. The only interfund activity was the transfer from the trust and agency fund due to tax collections and the interest accumulated which is due to the general fund.

#### NOTE 7 - INVENTORIES

No material parts or supply inventories are maintained by the Township.

#### NOTE 8 - FIXED ASSETS

Manistee Township maintains fixed asset detail records. These amounts were adjusted to account for all assets with a value in excess of \$5,000. All depreciation is computed using straight line with lives of 30-50 years for buildings, 15 years for Equipment and 10-25 years for fire vehicles. Detailed information concerning these accounts is as follows:

	04/01/05			03/31/06
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Buildings	\$268,412	\$0	\$0	\$268,412
Equipment	35,600	0	17,800	17,800
Fire Vehicles	211,887	59,980	0	211,887
Total Fixed Assets	\$515,899	\$0	\$0	\$558,079

#### Accumulated Depreciation

	04/01/05			03/31/06
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Buildings	\$108,112	\$5,644	\$0	\$113,756
Equipment	12,640	1,187	0	13,827
Fire Vehicles	125,543	12,254	0	147,797
Total Fixed Assets	\$239,609	\$16,686	\$0	\$275,380

#### NOTE 9 - PENSION PLANS

Manistee Township's employees participate in either of two plans. One is offered by Municipal Retirement Systems, Inc., and the other by ManuaLife. Both are plans offered under IRS Code Section 401(a).

#### Manufacturers Life:

Employees are eligible at age 21 up to age 75, with no restriction on time of service. Employees are 100% vested after 20 months of service. Funds become payable in the event of termination of employment, retirement, disability or death. ManuLife provides administrative services for the plan. The Township contributes 75% of the current cost and 100% of past service cost at \$1.50 per benefit month for each year of eligible past service, 10 year maximum. The contributions for the year ended March 31, 2006 were \$3,305 for the employer and \$152 for the employees for a total contribution of \$3,457. All required contributions were made.

#### NOTE 10 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities on the part of the Township.

#### NOTE 11 - COMPENSATED ABSENCES

The Township does not compensate for vacation or sick time and as such there is no computed liability for compensated absences. The Township does not have a liability for post retirement benefits.

#### NOTE 12 - RISK MANAGEMENT

All risk management is done through the use of commercial insurance.

## SUPPLEMENTAL DATA SECTION

## GENERAL FUND

MANISTEE TOWNSHIP  
Balance Sheet  
General Fund  
As Of March 31, 2006

Assets

Cash & Investments	\$1,766,330
Accounts Receivable Taxes	0
Accrued Interest Receivable	0
Prepaid Insurance	12,735
Due from Other Funds	0
Total Assets	<u>1,779,065</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	7,722
Retirement Payable	1,917
Deferred Taxes	693
Due to T&A Fund	
Total Liabilities	<u>10,332</u>

Fund Equity

Don Worm Memorial	990
Fund Balance	<u>1,767,743</u>
Total Fund Equity	1,768,733

Total Liabilities and Fund Equity	<u>\$1,779,065</u>
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The footnotes are an integral part of these Financial Statements.

MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2006

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>				
Current Property Taxes	\$75,000	\$75,000	\$156,096	\$81,096
Delinquent Taxes	12,000	12,000	37,537	25,537
Licenses and Permits	6,000	6,000	8,937	2,937
Garbage Millage	0	0	0	0
State Shared Revenues	175,000	175,000	199,588	24,588
Admin Fees	20,000	20,000	39,949	19,949
Earned Interest	25,000	25,000	57,633	32,633
Rents and Royalties	6,000	6,000	5,668	(332)
Service Revenue	4,000	4,000	11,939	7,939
Refunds	0	0	(515)	(515)
Little River Band	0	0	60,000	60,000
Other Income	5,500	5,500	8,525	3,025
<b>Total Revenues</b>	<b>328,500</b>	<b>328,500</b>	<b>585,357</b>	<b>256,857</b>
<b>Expenditure</b>				
<b>Legislative</b>				
Township Board:				
Salaries and Wages	9,000	9,000	8,689	311
Pension	5,300	5,300	3,457	1,843
Office Supplies	25,000	25,000	10,596	14,404
Professional Services	30,000	30,000	5,393	24,607
Insurance and Bonds	25,000	25,000	20,514	4,486
Education and Dues	6,000	6,000	7,100	(1,100)
MRA/Support Contract	10,000	10,000	4,535	5,465
Misc	4,400	4,400	3,542	858
Capital Outlay	21,200	21,200	21,137	63
<b>Total Township Board</b>	<b>135,900</b>	<b>135,900</b>	<b>84,963</b>	<b>50,937</b>
<b>General Government:</b>				
Economic Development	10,000	10,000	1,175	8,825
Township Supervisor:				
Salaries and Wages	9,800	9,800	9,800	0
Mileage and Travel	1,800	1,800	1,800	0
<b>Total Township Supervisor</b>	<b>11,600</b>	<b>11,600</b>	<b>11,600</b>	<b>0</b>
Elections:				
Salaries and Wages	4,000	4,000	1,097	2,903
Office Supplies	1,000	1,000	103	897
<b>Total Elections</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$1,200</b>	<b>\$3,800</b>

The footnotes are an integral part of these Financial Statements.



MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2006

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Assessor:				
Professional Services	\$33,000	\$33,000	\$32,667	\$333
Professional Supplies	5,000	5,000	740	4,260
Total Assessor	38,000	38,000	33,407	4,593
Clerk:				
Salaries and Wages	14,900	14,900	14,680	220
Deputy Clerk	1,200	1,200	440	760
Total Clerk	16,100	16,100	15,120	980
Board of Review:				
Salaries and Wages	1,200	1,200	1,800	(600)
Pension	125	125	0	125
Total Board of Review	1,325	1,325	1,800	(475)
Treasurer:				
Salaries and Wages	12,400	12,400	11,729	671
Deputy Treasurer	5,000	5,000	2,793	2,207
Tax Collection Assistant	3,000	3,000	85	2,915
Total Treasurer	20,400	20,400	14,607	2,878
Township Hall and Grounds:				
Salaries and Wages	8,500	8,500	7,313	1,187
Public Utilities	9,200	9,200	8,844	356
Maintenance and Repairs	15,200	15,200	15,172	28
Telephone	3,000	3,000	2,849	151
Total Township Hall	35,900	35,900	34,178	1,722
Total General Government	138,325	138,325	113,087	22,323
Public Safety:				
Fire Protection				
Salaries & Wages	12,300	12,300	9,791	2,509
Supplies	13,150	13,150	11,654	1,496
Gas/Oil	11,000	11,000	10,994	6
Education and Training	1,500	1,500	1,236	264
Insurance	4,500	4,500	2,545	1,955
Public Utilities	6,450	6,450	5,631	819
Telephone	900	900	695	205
Capital Outlay	25,000	25,000	0	25,000
Fire Truck and Equipment	0	0	59,980	(59,980)
Total Fire Protection	\$74,800	\$74,800	\$102,526	(\$27,726)

The footnotes are an integral part of these Financial Statements.

MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2006

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Planning and Zoning:				
Salaries and Wages	\$6,500	\$6,500	\$5,803	\$697
Retirement	0	0	0	0
Education and Dues	300	300	10	290
Expense Fund	360	360	180	180
Millage and Travel	0	0	0	169
Total Planning and Zoning	7,160	7,160	5,993	1,336
Board of Appeals:				
Salaries and Wages	10,700	10,700	10,687	13
Education	1,200	1,200	750	450
Retirement	1,000	1,000	717	283
Total Board of Appeals	12,900	12,900	12,154	746
Total Public Safety	94,860	94,860	120,673	(25,644)
Public Works:				
Street Lighting	12,000	12,000	10,551	1,449
Road Construction	127,975	127,975	116,123	11,852
Garbage Collection	85,000	85,000	76,077	8,923
Recycling Service	5,000	5,000	2,855	
Total Public Works	229,975	229,975	205,606	22,224
Total Expenditures	599,060	599,060	524,329	69,840
Excess Revenues		(270,560)	61,028	187,017
Fund Balance - Beginning of Year			1,707,705	
Prior Period Adjustment			0	
Fund Balance - End of Year			<u>\$1,768,733</u>	

The footnotes are an integral part of these Financial Statements.

## LIQUOR LAW ENFORCEMENT FUND

**MANISTEE TOWNSHIP**  
Balance Sheet  
Liquor Law Enforcement Fund  
As Of March 31, 2006

<u>Assets</u>	
Cash	<u><u>\$2,229</u></u>
<u>Liabilities &amp; Fund Equity</u>	
Fund Balance	<u><u>\$2,229</u></u>

The footnotes are an integral part of these Financial Statements.

MANISTEE TOWNSHIP  
Statement of Revenues, Expenditures & Changes in Fund Balance  
Budget vs. Actual  
Liquor Law Enforcement Fund  
For The Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues</u>			
License Fees	\$900	\$1,280	\$380
<u>Expenditures</u>			
Liquor Inspector	1,050	1,020	30
Excess Revenue (Expenditures)	(150)	260	110
Fund Balance - Beginning of Year		1,969	
Fund Balance - End of Year		<u>\$2,229</u>	

The footnotes are an integral part of these Financial Statements.